

JANUARY 9, 2009 REVENUE ESTIMATING CONFERENCE

A revenue estimating conference was held on January 9, 2009 to update revenue projections for fiscal year (FY) 2008-2009, to make projections for FY 2009-2010 and to set a final revenue figure for FY 2007-2008. The revenue projection for the state school aid fund for the current fiscal year (2008-2009) has been revised to \$11.369 billion. That represents a decrease of approximately \$339 million from the previous projection last May. The conference confirmed that the FY 2007-2008 school aid fund closed with a \$247.1 million balance. The FY 2008-2009 pupil count estimate has been revised downward by 5,769 pupils based on unaudited counts received from schools. Taking into consideration the revised pupil counts and other adjustments due to such things as revised taxable valuations and potential FY 2008-2009 lapses, the consensus reached is that the FY 2008-2009 school aid fund is in deficit by \$38.3 million. The legislature and the administration will need to take measures to eliminate the projected deficit before the end of the fiscal year. These revenue estimates will undoubtedly be updated at the next regularly scheduled revenue estimating conference in May 2009. Also, another factor that could drastically affect the revenue forecast in the weeks/months ahead is the amount of the much anticipated federal stimulus package that is expected to impact states for both FY 2008-2009 and 2009-2010 should it be implemented. With questions regarding this item, contact Dan Hanrahan, Office of State Aid and School Finance (517) 335-0521, or e-mail: HanrahanD@Michigan.gov. Or, you may wish to go to the Senate or House Fiscal Agency website and view more detailed information regarding the revenue estimating conference.

JANUARY PAYMENT INFORMATION

The January state school aid payment is the fourth regular payment of the 2008-2009 fiscal year. The payment will be electronically transferred to the districts' accounts on Tuesday, January 20, 2009.

Taxable value - The January payment continues to use the beginning 2008 tax roll non-homestead taxable value data, as provided by the county treasurers via the web based taxable valuation collection process. These data can be viewed by school district personnel on the Department's website. The URL is: <http://mdoe.state.mi.us/taxvalue>. To view your data, click on "Public Access," and then choose your district code and the appropriate tax year from the drop-down menus.

Pupil membership - September 2008 unaudited pupil count data were used in the calculation of the blended membership count for the January payment used to calculate the **Section 20 Foundation** allowances as well as the **Section 29 Declining Enrollment** allowances. Also, the **three-year average membership blend** was calculated for qualifying districts using these unaudited counts. These are districts with a current year 25% - 75% blend of less than 1,550 and 4.5 or fewer pupils per square mile for whom the average of the membership blends for FY 2006-2007, FY 2007-2008 and FY 2008-2009 exceeds the current year blend. An asterisk (*) next to the membership figures on the status report indicates a three-year average.

Updated categoricals - The following categoricals were updated in the January payment although the updates may not have affected the allocation amounts for all districts. If the allocation amount for your district has changed and you have questions concerning that change, contact the consultants identified below:

- Michigan School Readiness - Section 32d (Jan Fowler, Early Childhood Education and Family Services, (517) 241-4741, FowlerJ2@Michigan.gov)
- Vocational Education - Added Cost - Section 61a(1) (Saundra Carter, Career and Technical Education, (517) 335-0372, CarterS5@Michigan.gov)
- ISD Great Start - Section 32j (Colleen O'Connor, Early Childhood Education and Family Services, (517) 241-4291, OconnorC1@Michigan.gov)

STATE AID CONTINUES TO BE WITHHELD FOR DELINQUENT REPORTS

A few districts and PSAs continue to have state aid withheld because they have failed to file the *financial* audit report and/or the Annual Comprehensive Financial Report - Financial Information Database (FID). Payments will continue to be withheld until the required reports are received. All 2007-2008 *pupil accounting* audit reports have been filed. Questions regarding the *audit reports* may be directed to Kathy Weller, Office of Audits, (517) 335-6858, or e-mail: WellerK@Michigan.gov. Districts with questions pertaining to the *FID* may contact Glenda Rader, Office of State Aid and School Finance, (517) 335-0524, or e-mail: RaderG@Michigan.gov. We greatly appreciate the cooperation of all those who have filed their reports in a timely manner.

NEW SECTION 22E FUNDING CALCULATION

Several districts qualify for funding under a **new Section 22e** of the State School Aid Act that appropriates \$1.3 million for districts that have been adversely affected by the Michigan Business Tax exemptions for industrial and commercial personal property. To qualify, the district must meet the following criteria:

- The district does not receive any state share of their per pupil foundation grant meaning that the district's local revenue per pupil is greater than their per pupil foundation grant.
- The district receives a reduced amount of local school operating revenue as a result of exemptions to industrial and commercial personal property. In other words, the district must have some commercial personal or industrial personal property in their taxable valuation.
- The district levies all allowable school operating millage or has had a failed ballot question asking for approval to levy all allowable school operating millage.

The formula for calculating an individual district's allowance under Section 22e is as follows:

$$(\text{Industrial Personal Property} \times \text{School Operating Mills}/1000) + (\text{Commercial Personal Property} \times \text{lesser of 12 mills}/1000 \text{ or School Operating Mills} /1000)$$

With questions regarding this item, contact Dan Hanrahan, Office of State Aid and School Finance (517) 335-0521, or e-mail: HanrahanD@Michigan.gov.

FINANCIAL INFORMATION DATABASE (FID) CORRECTIONS

Office of State Aid and School Finance staff e-mailed various correspondence to school business managers the week of January 19, 2009 related to an analysis of the FY 2007-2008 Financial Information Database (FID) submission. The information was e-mailed to the individual who submitted the FID on behalf of the district. The correspondence requests that the individual review the data in question and either correct the FID or contact the Office of State Aid and School Finance to explain the discrepancies. Your cooperation in "cleaning up" the FY 2007-2008 FID data is very much appreciated. With questions regarding this request, contact Glenda Rader, State Aid and School Finance, (517) 335-0524, or e-mail: RaderG@Michigan.gov.

IMPORTANT DATES TO REMEMBER

- **February 1** is the due date for districts and ISDs to report to the local health department the **immunization status** of each new pupil in grades K-12 who enrolled in the district or ISD for the first time during the immediately preceding calendar year and all 6th graders, pursuant to State School Aid Act Section 167. (Patty Lawless, (517) 373-1122, LawlessP@Michigan.gov)
- **February 11** is the **supplemental count day** for all districts, ISDs, and PSAs and the 3rd quarterly count date for adult education participants. (Joellen Wonsey, (517) 373-3352, WonseyJ@Michigan.gov)

GENERAL INFORMATION

- The proration factor for Section 31a - At Risk funding is \$252.801029752 per pupil.
- The proration factor for Section 29 - Declining Enrollment .0754926420.

*Do you have questions about the information appearing in this UPDATE? Call the consultant identified above or **Dan Hanrahan, Director of State Aid and School Finance, MDE**, phone: **(517) 335-0521**, fax: **(517) 241-0196**, e-mail: HanrahanD@michigan.gov